

Senate Study Bill 3036

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON BEHN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to municipal utilities that provide local
2 exchange services, including nonsubscriber costs, the
3 confidentiality and audits of certain accounting records, and
4 exemption from sales and use taxes.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 5761SC 80
7 kk/gg/14

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1 1 Section 1. Section 388.10, subsection 1, paragraph a, Code
1 2 2003, is amended by adding the following new subparagraph:
1 3 NEW SUBPARAGRAPH. (5) Require nonsubscribers of the local
1 4 exchange services to pay any costs directly associated with
1 5 providing local exchange services.
1 6 Sec. 2. Section 388.10, subsection 2, paragraph a, Code
1 7 2003, is amended to read as follows:
1 8 a. Prepare and maintain records which record the full cost
1 9 accounting of providing local exchange service. The records
1 10 shall show the amount and source of capital for initial
1 11 construction or acquisition of the local exchange system or
1 12 facilities. Notwithstanding section 388.9, these records
1 13 shall be public records for purposes of chapter 22. This
1 14 section shall not prohibit a municipal utility from utilizing
1 15 capital from any lawful source, provided that the reasonable
1 16 cost of such capital is accounted for as a cost of providing
1 17 the service.

1 18 Sec. 3. Section 388.10, subsection 2, Code 2003, is
1 19 amended by adding the following new paragraph:
1 20 NEW PARAGRAPH. d. Conduct an annual audit certifying
1 21 compliance with this section. The audit shall be performed by
1 22 the auditor of state or by a certified public accountant
1 23 certified in the state of Iowa. The annual audit shall be a
1 24 public record for purposes of chapter 22.

1 25 Sec. 4. Section 423.3, subsection 31, paragraph a, as
1 26 enacted by 2003 Iowa Acts, First Extraordinary Session,
1 27 chapter 2, section 96, is amended to read as follows:
1 28 a. The sales price of goods, wares, or merchandise sold
1 29 to, or of services furnished, and used by or in connection
1 30 with the operation of any municipally owned public utility
1 31 engaged in selling gas, electricity, heat, ~~or~~ pay television
1 32 service, or communication service to the general public.

EXPLANATION

1 34 This bill relates to municipal utilities that provide local
1 35 exchange or communication services.

2 1 The bill prohibits municipal utilities from requiring
2 2 nonsubscribers of the municipal utility's local exchange
2 3 service to pay any direct costs of providing the local
2 4 exchange services. The bill makes certain accounting records
2 5 maintained for the municipal utility providing local exchange
2 6 service public records and requires an annual audit to be
2 7 performed by the auditor of state or a certified public
2 8 accountant.

2 9 The bill provides that sales and services sold to or used
2 10 by or in connection with the operation of municipally owned
2 11 public utilities that are engaged in selling communication
2 12 service to the public are not exempt from sales and use taxes.

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